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JANUARY 26, 2006

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**DeNUCCI SAYS TREASURY IMPROVES
ABANDONED PROPERTY MANAGEMENT AND CONTROLS**

State Auditor Joe DeNucci reported in an audit today that the Office of the State Treasurer and Receiver-General has improved its management of securities being held as abandoned property, and has implemented an effective internal audit function.

In the area of abandoned property, DeNucci said the Treasury has adopted his prior audit's recommendations to competitively bid custodial banking services, and to develop a policy and initiate a process for liquidating securities. Liquidation of securities in fiscal years 2003 and 2004 resulted in \$94 million being transferred to the General Fund. The audit also found that the Treasury has improved its contract management procedures by strengthening procurement practices and monitoring performance requirements.

DeNucci also said the Treasury has made major improvements in its implementation of an effective internal audit unit by conducting several audit reviews and monitoring corrective action plans. His previous audit had noted that although an internal audit function had been established, there was no evidence of any meaningful results.

Areas that still need improvement include integrating the Treasury's cash management activities with the state's centralized accounting system. The audit further noted that while the Treasury has improved its controls over tangible abandoned property, it still needs to inventory and record some of its abandoned property into the Treasury's database system. The Treasury also needs to update its internal control plan and complete a department-wide risk assessment as well as develop a business continuity plan for maintaining critical functions in the event that a disaster disrupts its computer operations.

"The Treasury has made substantial progress in strengthening its management practices," DeNucci said. "Although there is still work to be done, significant steps have been taken to address problems pointed out in my previous audits to protect the public assets under the Treasury's control."